



TRADE MARKS ACT 1955

DECISION OF A DELEGATE OF THE REGISTRAR OF TRADE MARKS WITH REASONS

Re: Opposition by CHRIS-TELLE PTY LIMITED to an application under section 23 of the *Trade Marks Act 1955* by SOUTH CONE, INC. to remove, on the grounds of non-use, trade mark registration number 409721 from the Register

An application under s.23 of the Act to remove trade mark registration number 409721 from the Register was lodged on 15 January 1992 by SOUTH CONE, INC. (the applicant). The application was opposed on 14 December 1993 by CHRIS-TELLE PTY LIMITED (the opponent). The mark, as shown below, is registered for "Water sports wear and accessories in this



class including clothing and wetsuits in this class" in Class 25.

The grounds relied upon by the applicant were that the mark had been registered without an intention to use it in good faith on the goods included in the specification by the applicant for registration and that there had been no use in good faith by the proprietor or a registered user, and also that, up to one month before the date of the s.23 application, a period of three years had elapsed during which time the mark had not been used in relation to those goods by the registered proprietor or a registered user.

The opponent's grounds against removal were that the mark had not been registered without an intention to use it in good faith on the goods included in the specification and that there had been use in good faith by the proprietor or a registered user; and also that, up to one month before the date of the s.23 application, a period of three years had not elapsed during which time the mark was a registered trade mark and during which there was no use in good faith of the trade mark in relation to those goods by the registered proprietor or a registered user.

The evidence

The applicant lodged evidence in support in the matter. This comprised a declaration by Jacqueline Moutsias, together with exhibit MM-1. The opponent advised that it did not intend to lodge any evidence in answer. The applicant then applied for, and was granted, special leave to lodge further evidence. This comprised two declarations by Anne Helen Makrigiorgos, with exhibits AHM-1 and 2, and trade declarations by Peter Anthony Russell, Bruce Ahrens, Michael Campling, Scott Peacock and Peter Tullet. The opponent then lodged evidence in reply to the further evidence. This comprised a declaration by David Christie, together with exhibits DC1 to 9, followed by another declaration by Mr Christie, with exhibit DC10. All of the evidence from both sides was completely lodged and served by 27 June 1994.

In the applicant's evidence in support, Ms Moutsias, a private investigator, in an exhibit to her declaration, included her report of investigations which she had carried out as to whether the trade mark REEF had been in use in relation to the goods covered by the registration. In the applicant's further evidence, Ms Makrigiorgos, a patent attorney employed by Griffith Hack & Co, in her first declaration, said that the opponent sought special leave of the Registrar to lodge further evidence comprising several declarations which, she said, were relevant to the removal action. In her second declaration, Ms Makrigiorgos gave the result of enquires made regarding alleged non-use of the subject mark. The Russell, Ahrens, Campling, Peacock and Tullet declarations were all made by people in the trade who attested to their knowledge, or lack of knowledge, of the mark.

Mr David Christie, a director of the opponent to removal, in his declarations made as evidence in reply to the further evidence, described the history and amount of use of the mark by his company.

He attached exhibits to these declarations, including photographs of the mark in use, letters from customers, stationery, invoices, *Yellow Pages* entries, advertising showing the mark in use and a portfolio of materials showing the mark in use.

Both parties advised the Registrar that negotiations were taking place between them but, on 26 June 1995, the opponent's attorney advised that these had broken down and he sought a hearing in the matter. The matter subsequently came before me, as the Registrar's delegate, in Canberra on 14 December 1995. Representing the applicant was Ms Julia Baird of counsel, instructed by Ms Anne Makrigiorgos of Griffith Hack & Co. Appearing for the opponent was Mr Andrew Lockhart of Spruson & Ferguson, assisted by Mr Ken McInnes.

Submissions

At the hearing, Ms Baird for the applicant, and Mr Lockhart and Mr McInnes for the opponent all made very extensive submissions, far too detailed to be fully repeated here. I have attempted to summarise what I believe to be the main points raised.

Ms Baird began her submissions by claiming that the applicant was an aggrieved person, as envisaged by s.23 of the Act, relying for support on the decision in *Ritz Hotel Ltd v Charles of the Ritz & Anor* (1988) 12 IPR 417. She said that the present mark had originally been cited as a bar to registration of the applicant's own mark, application number 565847 for the mark REEF BRAZIL in respect of the statement of goods, "clothing in this class", in class 25. That application had subsequently been accepted but its registration had now been opposed by the present opponent to removal. Ms Baird said that the trade declarations lodged by the applicant showed that people with a wide range of experience had not encountered use of the mark, on all of the goods for which it was registered, during the alleged period of non-use. She said that any alleged deficiencies in this part of the evidence, which might be pointed to by the opponent such as ambiguous or incorrect English, were minor in nature and did not detract from the lack of knowledge by the declarants of the opponent's use of its mark. At best, use had only been shown to have occurred on the manufacture of wetsuits in a "backyard operation" and outside the critical period. She said that this evidence was enough to discharge the onus on the applicant to establish a prima facie case of non-

use - *Estex Clothing Manufacturers Pty Limited v Ellis & Goldstein Limited* (1967) 116 CLR 254.

She said that Ms Moutsias' investigations, as described in her declaration, had shown that the opponent made DOLPHIN wetsuits and only sold custom-made REEF wetsuits from its Brisbane premises on demand. She argued that Ms Makrigiorgos' declaration went towards showing that there was no evidence of the mark being used in relation to sales of the specified goods. If anything, there might have been minimal use on wetsuits alone but not on the "water sports wear and accessories...including clothing" shown in the statement of goods. She said that this statement of goods was vague. The opponent's evidence mentioned use on such things as coolers and bike seat covers, which were outside the class in question. In any case, the term "water sportswear" and its sub-set, ...including clothing" narrowed the coverage afforded by the registration. All of this, she said, was enough to shift the onus onto the opponent to show that the mark had been used by it on all of the goods during the relevant period - *Estex Clothing Manufacturers Pty Limited v Ellis & Goldstein Limited*, supra.

Ms Baird said that use relied upon to save a registration from expungement should be genuine commercial use - *Concord Trade Mark* (1987) FSR 209 and *Electrolux Limited v Electrix Co Limited* (1954) 71 RPC 23. She said that the applicant's evidence comprised only the declarations of Mr Christie. These declarations were circumstantial, unsubstantiated and anecdotal.. They included solicited testimonial letters, which were undated and not in declaratory form, did not include any sales figures and thus did not discharge even the lowest standards of proof of use. The only use referred to appeared to be limited to localised and spasmodic use on wetsuits through narrow trade channels. Ms Baird said that any other clothing items bearing the mark appeared to be limited to swimsuits, caps and T-shirts which were distributed for promotional use only. It was not shown by the evidence that the use of the mark on those goods indicated a connection in the course of trade between them and the applicant.

Ms Baird drew my attention to various aspects of the opponent's evidence which, she claimed, were deficient in attempting to show that the opponent had used the mark in trade on all of the goods. These included various exhibits to Mr Christie's declaration. The invoices/statements

exhibited appeared to be for purchases by the opponent and there were no sales dockets showing sales of clothing by it. She said that, because there was no evidence of sales, any alleged use of the mark REEF on T-shirts and caps may have been for promotional use in relation to the wetsuits. She said further that, although the opponent appeared to offer DOLPHIN and REEF wetsuits for sale, the catalogues and order forms did not make it clear when they were issued, what items, if any, apart from wetsuits, were offered for sale and if any sales had actually taken place. She said that the evidence did contain photos and references to T-shirts and sweat shirts, but in many instances, it was unclear as to the date of their origin and whether these items were for sale or just used to promote the primary goods for sale - wetsuits. In any case, use of the mark on mere casual clothing, or sportswear not related to water, was use on goods which fell outside the meaning of the term 'water sportswear' included in the specification of goods.

Ms Baird said that the opponent bore the onus of establishing use on goods of the same description as those it was trying to protect and invoking the favourable exercise of the Registrar's discretion - *J.Lyons & Coy Ltd's Appl'n* (HOSTESS) (1959) RPC 120. This it had not done. She disputed that such items as hats, shorts, T-shirts and sweat shirts, which were shown in photographs bearing the opponent's mark could be identified as "water sportswear". She said that, if the condition of non-use was established, the Registrar should exercise his discretion to order the removal of the mark unless sufficient reason existed for leaving it there - *J.Lyons & Coy Ltd's Appl'n*, (supra) and *Estex Clothing Manufacturers Pty Limited v Ellis & Goldstein Limited*, supra. She maintained that there were no exceptional circumstances or other reasons, such as potential deception and confusion if both the opponent's and applicant's mark's were allowed to coexist-exist on the Register, which would allow the Registrar to exercise his discretion against such removal. She said that the public interest would be best served in the maintenance of the integrity of the Register. This could be done through the removal of the mark from it for all of the goods for which it was registered or, at the very least, restricted to "wetsuits" and limited to the state of Queensland.

Ms Baird finished her submissions by seeking costs in favour of the applicant.

In reply, Mr Lockhart said that the first question which needed to be decided was whether the applicant was an aggrieved person. He disputed whether the applicant was, in fact, such a person.

Merely having an application to register its own application was not sufficient in itself to show this - *Kraft General Foods Inc v Gaines Pet Foods Corporation* 31 IPR 439. He said that, from the evidence, at the crucial date of applying to have the mark removed, the applicant only appeared to have an intention to use its own mark on sandals and T-shirts.

With respect to whether a prima-facie case had been established, Mr Lockhart disputed the applicant's evidence - especially that of Ms Moutsias' declaration which, he said, was deficient in showing that the mark had not been used for the full period of alleged non-use on all of the relevant goods. He criticised other aspects of the applicant's evidence as not covering the critical period, being incomplete, narrow in scope, contradictory and imprecise. All of this, he said, went towards showing that the applicant's evidence was insufficient to discharge the onus on the applicant to establish a prima-facie case of non use. He referred for support here to the Office decisions, *Econovent Trade Mark* 6 IPR 92 and *Studio Australia Pty Ltd v Softsel Computer Products Inc* 19 IPR 247. Mr Lockhart said, in relation to whether such items of clothing as T-shirts and caps were within the ambit of the description "water sports wear and accessories including clothing", that the qualifier, "...including clothing" meant that any clothing which was normally worn during participation in water related activities was covered by the registration. Such clothing was worn during participation in sports like rowing, surfing and boating, despite its parallel use as normal casual wear. He referred to dictionary meanings of the word, "sportswear", which he said referred to "clothing for outdoor or other leisure use".

Mr Lockhart argued that the onus was on the applicant to demonstrate a lack of use in good faith by the opponent on the specified goods during the critical period. This it had not done. He said that various declarations included in the applicant's own evidence demonstrated that the trade mark had been used by the opponent on wetsuits and water related sportswear and accessories during 1992, which was within the alleged non-use period. However, if the Registrar was convinced that a prima-facie case of non-use had been made out, then the information and exhibits, such as photographs, business stationery, *Yellow Pages* entries and other material, included in the two declarations by Mr Christie was sufficient to refute this. He said that the use had not been substantial due to the size of the opponent's operations but it had been genuine commercial use. Although no sales figures had been included in the opponent's evidence, this had been as a result of the opponent not wishing to

disclose specific sales information to a large corporate rival which had been threatening its existence for some time. Such use on clothing was use in the course of trade and not promotional in nature with respect to the sale of wetsuits- *Ocky Docket (Aust) Pty Ltd v Gordon & Rena Merchant Pty Ltd* (1992) AIPC ¶¶90-891. The applicant had produced nothing to support this allegation. Mr Lockhart said that, in any case, if use of the mark was found to have been made on wetsuits, then this would equate to use on water sportswear because they could be considered goods of the same description as contemplated by s.23(2)(a).

With respect to the Ms Baird's request that the Registrar exercise his discretion to remove the mark for all of the goods registered, or at least for all goods except wetsuits, Mr Lockhart said that, if this was done, the use of the same mark by the applicant on closely related goods could lead to confusion in the market place. He therefore requested that the Registrar dismiss the application under s.23 to remove the mark. He said that the opponent's main business was in the production of wetsuits but this had now expanded to include clothing. Despite the fact that it was a small business, the opponent had a reputation for those goods and it would not be in the public interest for its mark covering those items to be removed, even for some of the goods, from the Register.

Mr Lockhart closed by seeking costs on behalf of the opponent.

Discussion

Section 23 of the Act reads:

23. (1) Subject to this section and to section 93, a prescribed court or the Registrar may, on application by a person aggrieved, order a trade mark to be removed from the Register in respect of any of the goods or services in respect of which it is registered, on the ground-

- (a) that the trade mark was registered without an intention in good faith on the part of the applicant for registration that it should be used in relation to those goods or services by him or, if it was registered under sub-section (1) of section 45, by the body corporate or registered user concerned, and that there has, in fact, been no use in good faith of the trade mark in relation to those goods or services by the registered proprietor or a registered user of the trade mark for the time being earlier than 1 month before the application; or
- (b) that, up to 1 month before the date of the application, a continuous period of not less than 3 years had elapsed during which the trade mark was a registered trade mark and during which there was no use in good faith of the trade mark in relation to those goods or services by the registered proprietor or a registered user of the trade mark for the time being.

Person aggrieved

The threshold question which needs to be resolved in a matter of an application under s.23 for removal of a registered mark is whether the applicant is a ‘person aggrieved’ in terms of that section of the Act. I cannot agree with Mr Lockhart that the present applicant is not such a person. In my estimation, the applicant has established its status in this regard by also being the applicant for registration of a trade mark in class 25 which included the word REEF (565847 - REEF BRAZIL) and against which was cited, at the time of the application to remove the present mark, the present registration under s.33 of the Act - see the words of McLelland J. in *Ritz Hotel* case, supra, at 454. I think that, at the time of the present application to remove the mark, the applicant was commercially affected by the subject mark’s presence on the Register. Mr Lockhart’s claim that the applicant had no definite intention to use its own mark on all of the goods covered by the specification has not been substantiated. The applicant lodged a statement as to use in relation to its own application for registration. It is established practice that the Office accepts such statements at face value - unless it is categorically shown that this is not the case. I therefore find that the applicant was a person aggrieved as at the time of applying for the present mark’s removal and was therefore a proper applicant under the provisions of s.23.

Onus

It is well established that, under the *Trade Marks Act* 1955, the onus of proof of the non-use of a trade mark rests with the applicant for removal - *Estex Clothing Manufacturers Pty Limited v Ellis & Goldstein Limited*, supra, at 258 and 259.

It is for the applicant who seeks to have a mark removed to prove his case. The onus is on him to show an absence of use in good faith during the period. ... slight evidence may suffice at this stage for the applicant has the task of proving a negative ... but ... when all the evidence is complete, the question is still, has the applicant proved his case?

However, if the applicant does succeed in establishing a prima-facie case of non-use, the onus in the matter shifts to the opponent to demonstrate that it has used its mark on the appropriate goods during the specified period, or that there are grounds for the favourable exercise of the Registrar’s

discretion under s.23 on the grounds that special circumstances prevented it from using the mark, despite a bona fide intention to do so.

The applicant's prima-facie case in this matter depends, in part, on a declaration by a private investigator, Ms Moutsias. She undertook an inquiry on behalf of the applicant to ascertain whether the mark was in use during the critical period. Ms Moutsias' declaration shows that she conducted a search of the Brisbane *Yellow Pages*, made telephone calls to several people, obtained a "custom suit measurement chart" for REEF wetsuits, hoods and boots, and searched several surfing magazines for ads placed by the opponent. Ms Moutsias did concede that she was advised by someone working for the opponent that it manufactured wetsuits in Brisbane for sale there, through an agent in Sydney and by mail order. She did state that her inquiries revealed that REEF wetsuits were not available in Melbourne (although presumably people there, such as herself, could order through the mail using the measurement chart). However, any claims of unavailability would seem erroneous given that Ms Moutsias appears to have been offered these items for sale. Also included in the evidence were declarations made by several people in the trade. These declarants stated their lack of knowledge of the use of the mark REEF WETSUITS on "water sportswear", although a couple had encountered some use on "wetsuits and water sportswear accessories".

Notwithstanding the above, I must observe here that the only wetsuits which properly belong in class 25 are wetsuits for water skiing, those intended for diving being covered by class 9. However, it is, I think, a distinction that is blurred. I am sure that those who participate in both activities could, if necessary, use the same wetsuit for both water skiing and diving. In any case, the measurement chart obtained by Ms Moutsias from the opponent lists some of the suits available for "multi-purpose", "barefoot...skiing" and "divers". I mention this only because much of the opponent's evidence appears to pertain to the diving use of the wetsuits pictured. Such suits are in class 9. However, I do accept that the suits can sometimes have multi-purpose functions and I have taken this into consideration in my deliberations.

Ms Moutsias discovered and at least some of the declarants knew already, of use of the mark in relation to "wetsuits" and "water sportswear...accessories". The former goods were clearly for

sale, albeit to a small and specialised market. With regard to the latter items I am hampered by a lack of a precise definition as to their nature, although I take them to be such accessories as are included in class 25 which are made of wetsuit materials - such as hoods and boots. The other items shown in the photographs included opponent's evidence, such as "can coolers" and "bumbags", are clearly not in class 25 and I have not included them in determining the matter. Given the foregoing, I do not think that the applicant's evidence is enough to establish a prima-facie case of non-use for the items "wetsuits" or "water sportswear...accessories". I therefore find that the opponent does not have a case to answer with respect to those items and I dismiss the application to remove the trade mark from the Register as it relates to them.

However, I do feel that the applicant's evidence, taken together, is just sufficient in establishing a prima-facie case of non-use for the items, "water sportswear...including clothing". The rules regarding evidence in such matters are not as strict as in a court of law and, as the applicant has the difficult task of proving a negative, I am satisfied that the information assembled is sufficient to shift the onus to the opponent to demonstrate use of its mark for the subject goods (excluding wetsuits) during the s.23 period. Alternatively, that party could show that there are grounds for the favourable exercise of the Registrar's discretion under s.23, on the grounds that special circumstances prevented it using the mark, despite a bona fide intention to do so.

Again, the exact composition of the goods covered by the imprecise description "water sportswear...including clothing" is open to interpretation. Following consideration of all of the evidence and submissions in this case, I have decided that the term, in this context, means any item in class 25 which is used in relation to water-related sports or activities - such as special clothing worn during the participation in sports like rowing, swimming, sailing, triathlon and surfing. These could include such special clothing as swimsuits, rash shirts and bike pants. Again, it is difficult to know whether, or how, to draw distinctions between clothing worn during competition, as a spectator, or "*après*-participation". I have therefore come to the conclusion that the sub-set, "...including clothing" also refers to clothing worn as casual wear in relation to those aquatic activities, such as T-shirts, polo shirts, singlets, shorts, sweat shirts, caps, sarongs, parkas, sun visors and track suits.

Use

Under s.23, the thing which must be used is a trade mark, and that term is defined in section 6(1) of the Act as:

- (a) except in relation to Part XI, a mark used or proposed to be used in relation to goods or services for the purpose of indicating, or so as to indicate, a connexion in the course of trade between the goods or services and a person who has the right, either as proprietor or as registered user, to use the mark, whether with or without an indication of the identity of that person;

In order to attempt to show use of the mark on the clothing involved, the opponent relied upon declarations by Mr Christie together with exhibits. Mr Christie included, with his first declaration, copies of photographs which had already been forwarded to the applicant's attorneys under cover of a letter dated 8 October 1992. These photographs showed the trade mark on T-shirts, sweat shirts and caps. As the provision of this information to the applicant was just outside of the alleged period of non-use, 15 September 1989 to 15 September 1992, I think it is safe to say that the mark was certainly in place on the clothing, at least at the latter part of the period. However, it is unclear when and if they were being offered for sale. Also included as exhibits to his first declaration were letters from two traders who said that they had purchased clothing and caps (as well as wetsuits) from the opponent during the alleged non-use period. These letters comprise the only evidence of alleged use in answer to the various trade declarations assembled by the applicant from people giving a contrary, if uneven view. I think that a strong mitigating factor in any lack of knowledge of the applicant's sale of goods was the comparatively small size of its operations and a segmented market place. Ms Baird, in her submissions, remarked on the limited size of the opponent's activities but I think that, in the present context, even a small amount of use of the mark on the goods by the opponent would equate to commercial use. Mr Christie's second declaration included more photographs. This time they were of people wearing a variety of REEF marked clothing at various sporting events and clothing parades, all of which he declared had taken place within the critical period.

Mr Lockhart said that I should consider any use shown by the opponent on wetsuits as constituting use on "goods of the same description" as clothing worn as sportswear near the water. I cannot agree that this is the case. I would think that the intended purpose of wetsuits, despite their

presence in class 25 for water skiing, is as protective gear against cold or immersion. Clothing can also be primarily intended for protection from the sun, rain and the cold, but I think its function, in the context of this registration, is the normal one of covering and fashion.

Ms Baird alleged that any use not on wetsuits was of a promotional nature aimed at publicising the wetsuits themselves. However, she did not substantiate this claim. To counter this, Mr Lockhart pointed to the letters from the traders annexed to Mr Christie's first declaration. These people wrote that they had purchased "T-Shirts", and "clothing, apparels(sic)...and caps", respectively, which, he said, showed genuine commercial use. I agree that these statements carry less weight than if they were in declaratory form but I think I can give them some regard. I have also given consideration to the photographs, annexed to Mr Christie's second declaration, depicting the clothing such as T-shirts, sweat shirts, beach parkas and baseball caps. In my experience, it sometimes is the case that traders use a trade mark on baseball caps and T-shirts in order to promote their primary goods or services, such as beer, cars or restaurants. However, such use is generally limited to the cheaper type of caps and shirts. The goods depicted in the photographs are not, to my mind, inexpensive or lacking in quality. I therefore think it unlikely that a small trader could afford to use such items to promote its primary goods - in this case, wetsuits - without receiving payment for them. However, I am not assisted, in coming to a conclusion in this matter, by the lack of relevant invoices or other proof of sales of clothing under the mark. Against this, I have the, relatively flimsy, prima-facie case of non-use established by the applicant.

Taking all of the foregoing into consideration, I do not think that I can conclusively say whether or not the opponent's evidence has established use in trade of the goods, "water sportswear...including clothing" during the relevant period.

Discretion of the Registrar

In cases such as I have to decide in the present instance, it is the public interest which is the main determinant for the exercise of the Registrar's discretion to remove or retain a trade mark on the Register. On one hand, the applicant has claimed that the opponent did not use the mark on sports clothing during the non-use period. However, its evidence is flawed in several respects. Ms

Moutsias' declaration does not mention clothing at all, and the other declarants, although attesting to lack of knowledge of use of the mark on "water sportswear", do not declare that this description includes "clothing". On the other hand, the opponent's case, in showing that sales of its clothing occurred during the critical period, is also not strong. It has not supplied any relevant sales figures or invoices which categorically show that clothing was sold, in addition to wetsuits. The only evidence of sales of clothing, which it can really point to, are the letters included as exhibits to Mr Christie's first declaration. There claims were made of the purchase of the opponent's T-shirts, clothing and caps". The photographs included in the opponent's evidence do show the mark used on various items of casual clothing, but the dates of use and whether they were for sale are unclear. However, the removal of a mark from the Register is not something which should be done lightly. I think that the opponent has done just enough to show the likelihood of use of the mark on clothing during the s.23 period. I am of the opinion that the opponent has gained a reputation for sales of casual clothing, albeit a small one, which indicates a connection in the course of trade between it and the goods. Given all of the foregoing, I think that the public interest would best be served by the mark remaining on the Register for all the goods for which it is registered.

Decision

Despite the lack of conclusive evidence to demonstrate it, the opponent has shown, to my satisfaction, that it is likely that the mark was used on water-related sports clothing during the s.23 period. Accordingly, I have decided to exercise the Registrar's discretion in favour of leaving the mark on the Register for all of the goods for which it is registered. Accordingly, I dismiss the application to remove the mark from the Register. The opponent, having been successful in defending its registration, is entitled to its costs and I so award them.

Ian Forno
Hearing Officer

26 April 1996